

PUBLIC DISCLOSURE

JUNE 28, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ONEUNITED BANK

**133 FEDERAL STREET
BOSTON MA 02110**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **OneUnited Bank (or the "Bank")** prepared by the Division, the institution's supervisory agency, as of **June 28, 2004**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

NATIONWIDE COOPERATIVE AGREEMENT/ CONCURRENT FEDERAL DEPOSIT INSURANCE CORPORATION EVALUATION

On April 20, 1995, the Conference of State Bank Supervisors ("CSBS") members unanimously adopted 'The Protocol', the supervision guidelines for state banking departments in an interstate banking and branching environment. The parties recognized that the home state supervisor is the primary regulator and will act as the single point of contact. The home state supervisor is primarily responsible for supervising its state-chartered banks, including branches that may be established in various host states.

This CRA examination was conducted concurrently with the Federal Deposit Insurance Corporation ("FDIC"). In conjunction with that, the findings as detailed by the FDIC in their Public Evaluation relative to CRA for each of the Bank's assessment areas (Massachusetts, Florida and California), were reviewed and concurred with by the Division, and are incorporated into this evaluation by reference. As the home state regulator, the Division was responsible to provide an overall assessment of the Bank's performance. Therefore, the overall rating reflects the evaluation of all assessment areas of the Bank. This evaluation details only the findings relative to the Massachusetts assessment area.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The distribution of the ratings for the individual assessment areas and the specific criteria for each assessment area were as follows:

Overall CRA rating "Satisfactory"

Lending:	Low Satisfactory
Investment:	Low Satisfactory
Service:	Low Satisfactory

Massachusetts CRA rating: "Needs to Improve"

Lending:	Needs to Improve
Investment:	Needs to Improve
Service:	Satisfactory

California CRA rating: "Outstanding"

Lending:	Outstanding
Investment:	High Satisfactory
Service:	High Satisfactory

Florida CRA rating "Substantial Non-Compliance"

Lending:	Substantial Non-Compliance
Investment:	Needs to Improve
Service:	Low Satisfactory

Please refer to the Public Evaluation prepared by the FDIC for a detailed description of the evaluation of the performance relative to the California and Florida assessment areas.

INSTITUTION'S MASSACHUSETTS CRA RATING: This institution is rated "Needs to Improve"

The Needs to Improve rating was based on three performance criteria: the Lending Test, the Investment Test, and the Service Test. The review period is July 1, 2002 through June 30, 2004.

Under the Lending Test, the Bank is assigned an overall Needs to Improve. During 2002 and 2003, the Bank purchased one loan in the Massachusetts assessment area. As a Massachusetts state-chartered institution, the lack of lending in Massachusetts is of significant concern.

The level of qualified investments is considered insignificant and the degree of innovativeness and complexity is considered poor. A review of the Bank's qualified investments revealed no equity investments. In addition, the level of charitable contributions is considered minimal for an institution of its size and resources.

OneUnited Bank is doing an adequate job of meeting the services needs of its assessment area. The Bank's retail delivery systems are accessible to the portions of the assessment areas in which it targets; and its retail services appear to meet the needs of the assessment areas. In addition, Bank is active in financial literacy initiatives, and its employees, including members of senior management, are active within qualified community development organizations.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS OneUnited Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Satisfactory			X
Needs to Improve	X	X	
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

DESCRIPTION OF INSTITUTION

OneUnited Bank, formerly known as Boston Bank of Commerce ("BBOC") is a minority-owned commercial bank headquartered in Boston, Massachusetts, with total assets of \$443 million as of March 31, 2004. In addition, to its corporate office located at 133 Federal Street in Boston, Massachusetts, the Bank operates a full service branch in Roxbury, Massachusetts. On September 10, 1999, the former BBOC acquired approximately \$34 million in assets and two branches in Miami and Lauderdale Lakes, Florida from the failed Peoples Bank. As part of this acquisition, Peoples Bank was renamed Peoples Bank of Commerce and reopened as a division of BBOC. In April 2001, BBOC acquired Founders National Bank of Los Angeles ("Founders"). Management viewed this acquisition as a "shared" vision of minority banking allowing "consolidation of these institutions under one umbrella." As part of this acquisition, Founders was renamed Founders Bank of Commerce. In 2002, BBOC and Family Savings Bank, based in Los Angeles, announced a merger between the two institutions. The newly combined entity, which comprises BBOC, Peoples Bank of Commerce in Miami, Founders Bank of Commerce in Los Angeles with Family Savings Bank became OneUnited Bank and created the largest Black-owned financial institution in the country.

PERFORMANCE CONTEXT (CONTINUED)

DESCRIPTION OF INSTITUTION (CONTINUED)

With the addition of Family Savings Bank, OneUnited Bank has expanded its Los Angeles branch network and increased its lending capabilities in urban neighborhoods from coast to coast.

As of March 31, 2004, the Bank reported total assets of \$442,855,000 of which \$287,791,000, or 65.0 percent was in loans. OneUnited Bank management has altered the primary lending focus of the institution. Since the 1999 examination, the lending emphasis has changed from consumer lending, commercial real estate mortgages, and commercial and industrial loans to residential real estate property, more specifically multifamily dwellings of five or more units followed by 1-4 residential property, then commercial real estate. Multifamily residential properties make up approximately 56.6 percent of the Bank's portfolio, with the remainder comprised of loans secured by residential 1-4 family real estate 33.3 percent, and commercial real estate loans for 5.9 percent. The former BBOC had placed minimal emphasis on residential lending. However, with the Family Savings Bank merger, OneUnited Bank gained an established lending program of residential and multifamily lending. It is this program that the Bank states it is striving to establish in the Boston area. OneUnited Bank had an average loan to deposit ratio during the period under evaluation of 83.9 percent. The composition of the loan portfolio as of March 31, 2004, is detailed below:

Table 1
Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
<i>Construction and Land Development</i>	5	0.0%
<i>Secured by Farmland</i>	124	0.0%
<i>1-4 Family Residential</i>	95,971	33.4%
<i>Multi-Family (5 or more) Residential</i>	162,594	56.5%
<i>Commercial</i>	17,015	5.9%
<i>Commercial and Industrial</i>	9,493	3.3%
<i>Credit Card</i>	844	0.3%
<i>Consumer</i>	537	0.2%
<i>Other Obligations</i>	1,208	0.4%
Total Loans	287,791	100%

Source: Report of Condition 03/31/2004

PERFORMANCE CONTEXT (CONTINUED)

DESCRIPTION OF INSTITUTION (CONTINUED)

OneUnited Bank is a portfolio lender and it purchases loans on the secondary market. During the examination time frame, the Bank purchased \$62 million in jumbo loans from Washington Mutual.

OneUnited Bank has been designated as a Community Development Financial Institution ("CDFI") since July 1997. The CDFI program is a U.S. government sponsored initiative (through the U.S. Department of the Treasury) created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. The program provides financial assistance to institutions that serve distressed communities and low-income individuals. OneUnited Bank has made it part of the Bank's mission to serve many of the low and moderate-income areas of Boston, including the areas of Roxbury, Dorchester, Mattapan, and Jamaica Plain. These areas are included in the Boston Enhanced Economic Community (Empowerment Zone). The program was established to assist the nation's distressed inner cities and solicits private sector investments. The focus of the investments is targeted toward economic opportunity, including job creation; investment pools for capital access and innovative financing strategies; job and occupational skills training; and entrepreneurial and business support and assistance.

OneUnited Bank operates in a highly competitive market. The Bank's competition consists of several local banks, credit unions, a branch network of national banks and a number of mortgage companies throughout the assessment area. The local financial institutions that compete directly with OneUnited Bank are Citizens Bank, Fleet Bank (now Bank of America), Sovereign Bank and Countywide Home Loans. The market influence from these entities appears to be significant.

Market share information based on 2002 aggregate performance data, indicates 492 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the Bank's assessment area in Massachusetts.

There are no significant financial or legal impediments, which limit the Bank's ability to help meet the credit needs of the community. The Bank's most recent CRA evaluation, performed by the FDIC as of November 19, 1999 assigned a rating of "Satisfactory". The previous evaluation performed by the Division as of October 1, 1998 assigned a rating of "Outstanding".

PERFORMANCE CONTEXT (CONTINUED)

DESCRIPTION OF THE ASSESSMENT AREA (MASSACHUSETTS)

Each financial institution must select an assessment area within which it will concentrate its lending efforts. The Division evaluates an institution's CRA performance based on this assessment area. Generally, assessment areas should consist of Metropolitan Statistical Areas ("MSA"s) or contiguous political subdivisions such as counties, cities, or towns. Further, an assessment area should not arbitrarily exclude any low- or moderate-income area(s) taking into consideration the institution's size and financial condition.

OneUnited Bank has identified the City of Boston in Massachusetts, Dade County in Florida, and Los Angeles County in California as its assessment areas. For the purpose of this presentation, the rest of this evaluation will strictly deal with the Massachusetts assessment area. Please refer to the Public Evaluation prepared by the FDIC for a description of the Bank's performance in the California and Florida assessment areas. The City of Boston is comprised of the following neighborhoods: the Central Boston, Allston, Brighton, Charlestown, Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Roslindale, Roxbury, South Boston, and West Roxbury.

According to 1990 census information the total population of the assessment area is 574,283, and contains 227,958 households of which 36.2 percent are low-income, 18.6 percent are moderate-income, 18.4 percent are middle-income, and 26.8 percent are upper-income. Of 250,863 housing units located in the assessment area, 55.8 percent are 1-4 unit structures and 28.1 percent are owner-occupied.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income ("FHI") within the census tract. The assessment area consists of 169 census tracts: 38 (22.5 percent) low-income, 76 (45.0 percent) moderate-income, 37 (21.9 percent) middle-income, 13 (7.7 percent) upper-income, and 5 (2.9 percent) as NA. The 5 census tracts with no income designation were not used to evaluate the Bank's performance because there is little or no lending opportunities in these tracts.

Please refer to the table below regarding other housing characteristics.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts</i>	<i>House- holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Low</i>	22.5%	16.2%	16.9%	6.2%	20.8%	22.7%
<i>Moderate</i>	45.0%	46.9%	46.7%	43.5%	48.4%	45.3%
<i>Middle</i>	21.9%	25.8%	25.1%	37.2%	20.7%	17.8%
<i>Upper</i>	7.7%	11.1%	11.3%	13.1%	10.1%	14.2%
<i>NA</i>	2.9%	-	-	-	-	-
<i>Total or Median</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 1990 U.S. Census

PERFORMANCE CONTEXT (CONTINUED)

DESCRIPTION OF ASSESSMENT AREA (MASSACHUSETTS) (CONTINUED)

2000 Census Information

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of OneUnited Bank's assessment area by census tract income groupings. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

Change in Assessment Area Demographics					
Census Tracts	1990 Census Data		2000 Census Data		% Change in Number of Census Tracts
	#	%	#	%	
Low	38	22.5	44	28.0	15.8
Moderate	76	45.0	61	38.9	-19.7
Middle	37	21.9	39	24.8	5.4
Upper	13	7.7	12	7.6	-7.7
NA	5	2.9	1	0.7	-8.0
Total	169	100.0	157	100.0	-7.1

Source: US Census Bureau

Overall, twelve census tracts experienced a reduction in the Bank's assessment area, with the biggest drop seen in those tracts designated as moderate-income.

According to 2000 census data, there are 251,935 housing units within the Bank's assessment area, of which 30.1 percent are owner-occupied, 64.4 percent are rental occupied units and 4.9 percent are vacant housing units. One to four family properties comprise 57.3 percent of the total housing units. The median home value of the assessment area is \$231,078 based on 2000 US Census Data.

Please refer to the table below regarding other housing characteristics.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts</i>	<i>House-holds</i>	<i>Housing Units</i>	<i>Owner-Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Low</i>	28.0%	23.8%	23.9%	13.6%	28.5%	28.6%
<i>Moderate</i>	38.9%	40.1%	39.9%	37.3%	41.5%	34.2%
<i>Middle</i>	24.8%	25.1%	24.9%	36.6%	19.6%	21.1%
<i>Upper</i>	7.6%	11.0%	11.3%	12.5%	10.4%	16.1%
<i>NA</i>	0.7%	-	-	-	-	-
<i>Total or Median</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

PERFORMANCE CONTEXT (CONTINUED)

DESCRIPTION OF ASSESSMENT AREA (MASSACHUSETTS) (CONTINUED)

The price of housing continued to rise in the Boston area. The median home value of the assessment area is \$216,987 based on 2000 US Census Data. More recent housing figures obtained from *the Warren Group*, publisher of Bankers & Tradesman, reveal that the median selling price for a home in the assessment area in 2003 was \$331,237. Prices in the assessment area ranged from a low of \$288,250 in Brighton to a high of \$404,000 in Charlestown. Overall, the median prices of homes have increased 19.0 percent in the assessment area versus the same period last year. The escalating home prices have made it extremely difficult for low and moderate-income applicants to purchase a home.

The median family incomes for the Boston MSA for 2002, 2003, and 2004 are \$74,200, \$80,800, and \$82,600 respectively. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Unemployment rates continued to rise during the evaluation period. The unemployment rate for the City of Boston was 6.0 percent as of 2003. The rising unemployment rate is consistent with both the national and state unemployment rates of 6.0 percent and 5.8 percent, respectively.

As part of the CRA examination, community contacts are conducted by examiners to determine if there are any areas in need of assistance from local institutions, and to verify if the institutions are meeting the credit needs of the community. A community contact referenced during the evaluation cited the appreciating cost of housing, within the City of Boston, as a significant hurdle to the area's low- and moderate-income and elderly populations. While the contact spoke favorably about many of the city's larger financial institutions, and their involvement with the organization, the individual contacted mentioned the need for local financial institutions to offer additional first-time home buyer programs and provide financial literacy programs aimed at the city's elderly population.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

LENDING TEST

The institution's Lending Test performance was rated an overall "Needs to Improve". The institution's lending efforts are rated under seven performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgages originated during 2002, 2003, and YTD June 30, 2004 were included in the Bank's performance review.

The data used to evaluate the Bank's lending was derived from the Home Mortgage Disclosure Act/Loan Application Register ("HMDA/LAR")), small business loan register, and the Bank's community development loan register.

The Federal Financial Institution Examination Council ("FFIEC") has adopted a standard set of data tables, sequentially numbered 1-15, for use in every Large Bank CRA Public Evaluation. Any tables not included in this evaluation were excluded because the institution has not originated or purchased any loans in the relevant category during the period under review or did not elect to report consumer loan data. The FFIEC tables capture the lending activity for 2002 and 2003 only. The Bank's performance for YTD 2004 will be discussed separately. Appendix C contains tables that reflect the Bank's lending volume and make comparisons to demographic data as well as aggregate lending data for 2002. Lending data has been combined for the evaluation period for simplicity.

I. LENDING ACTIVITY

OneUnited Bank's lending activity and record of extending credit were reviewed during the course of the examination.

As of March 31, 2004 the net loan to deposit ratio was 87.0 percent. This ratio has increased from 52 percent since the last examination dated November 15, 1999. The improvement in the Bank's loan-to-deposit ratio has been a direct result of the Bank's lending activity in the Los Angeles market, but more significantly, by the recent merger with Family Savings Bank.

Lending levels reflect a less than adequate responsiveness to assessment area credit needs. Of the 209 originations the Bank made in 2002, the Bank originated no loans in Massachusetts during this time frame. In 2003, the Bank originated one loan in its

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

LENDING TEST (CONTINUED)

assessment area in Massachusetts. The Bank has made some strides in 2004. As of June 30, 2004 the Bank has originated 10 loans totaling \$3,037,000. According to Bank management, the Bank has been striving to establish its lending program here in Massachusetts since the merger. Refer to the following tables for additional information regarding the Bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2002	0	0.0%	0	0.0%	211	100.0%	74,208	100.0%
2003	1	0.3%	385	0.3%	341	99.7%	142,584	99.7%
2004	10	11.2%	3,037	6.6%	79	88.8%	43,278	93.4%
Total	11	1.7%	3,422	1.3%	631	98.3%	260,070	98.7%

Source: HMDA/LAR

The matter was discussed with members of the Bank's senior management team. Management has explained that the lack of activity within the Boston assessment area can be explained by management's desire to (first) establish a well managed and properly administered loan operation in California before proceeding outside of the Los Angeles area. Management also stated that Bank resources were devoted to other areas of the institution, including: finalizing the Family Savings Bank merger; devoting resources to oversee troubled assets acquired at Founders National Bank; and responding to other outstanding concerns (Risk Management).

Despite the mitigating factors presented by Bank management and highly competitive environments in which the Bank operates, the inability to adequately serve the Boston assessment area, despite the financial capabilities to do so, warrants the needs to improve rating.

II. GEOGRAPHIC DISTRIBUTION OF LOANS

The Bank's lending distribution was analyzed to determine the dispersion of loans among the geographies that comprise the Bank's assessment area. The most weight within this criterion is placed on the Bank's lending within low- and moderate-income census tracts. The Bank's performance within the Boston assessment area is poor and has only penetrated a small percentage of census tracts within the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

LENDING TEST (CONTINUED)

HMDA Reportable Loans

FFIEC Table 2A through Table 5A in Appendix C separately illustrate the Bank's performance within the three residential portfolios: home purchase, refinance, and multifamily. The Bank has not originated any home improvement loans. As a result, this table was excluded from the analysis. A meaningful distribution of lending could not be evaluated due to the low number of loans the Bank originated. In 2002, there was no lending activity in the Boston assessment area. In 2003, the Bank originated/purchased one loan. As of June 2004, the Bank originated/purchased ten loans within the assessment area. Based on the above information, OneUnited Bank has shown a poor responsiveness to the overall credit needs of low- and moderate-income census tracts throughout its assessment area. While the total number of originations within the Boston assessment area remains small, it must be noted that 9 of the 10 originations were made within low and moderate-income census tracts. However, the Bank's distribution of the percentage of HMDA reportable loans throughout the assessment area is significantly below aggregate data in low- or moderate-income census tracts. Additionally, the Bank's distribution of the percentage of HMDA reportable loans throughout the assessment area is well below the percentage of owner occupied and or multi-family housing units within low and moderate-income census tracts.

III. DISTRIBUTION OF LOANS BY BORROWER INCOME

HMDA Reportable Loans

This factor assesses how well the Bank is addressing the credit needs of the area's low, moderate-, middle-, and upper-income individuals and businesses of different sizes. However, since the Bank does not originate small business loans, this criterion is based on borrowers of different incomes. Consideration is placed on OneUnited Bank's record of lending to low- and moderate-income borrowers residing in the assessment area.

The distribution of the Bank's HMDA loans within the assessment area is poor. Tables 8 through 10 in Appendix C reflect the Bank's 2002 and 2003 origination percentages to low-, moderate-, middle-, and upper-income applicants for home purchase and refinanced mortgages, respectively. Note that Table 9 was not included as the Bank does not originate home improvement loans. Tables 8 and 10 include the percentage of family households (by income category) and the aggregate market performance for comparison purposes. As stated previously, aggregate data is only available for 2002.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

LENDING TEST (CONTINUED)

A review of the Bank's 2002 HMDA activity indicated the Bank made no loans. In 2003, the Bank purchased one loan with no borrower information available. In 2004, the Bank made three loans to low and moderate-income borrowers.

Due to the Bank's minimal lending activity to borrowers of different income levels, including low and moderate-income borrowers, the Bank warrants an overall needs to improve rating.

IV. COMMUNITY DEVELOPMENT LENDING

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under the small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

The Bank has not originated any community development loans during the examination period despite the lending opportunities available. The lack of community development loans in the Boston assessment area is of concern given the fact that the Bank is a Massachusetts state-chartered institution and has had a presence in the City of Boston for a period of years. In addition, as stated earlier, the Bank is designated as a CDFI and as such there are certain expectations of a financial institution with this designation to provide community development loans to meet the expected initiatives under this designation. This program was created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. This program provides financial assistance to institutions that serve distressed communities and low and moderate-income individuals.

V. INNOVATIVE OR FLEXIBLE LENDING PRACTICES

An institution's innovative and flexible lending practices are evaluated pursuant to the degree to which the loans serve creditworthy borrowers in new ways or groups of credit worthy borrowers not previously served by the institution. Given the size and financial condition of the Bank, the lack of innovative and flexible lending practices is considered poor.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

LENDING TEST (CONTINUED)

VI. FAIR LENDING POLICIES AND PRACTICES

The Bank's fair lending policy and procedures are comprehensive in nature and address specific areas such as loan review, staff training, fair lending procedures, a loan application and evaluation process as well as applicable rules and regulations regarding the Fair Housing Act, the Equal Credit Opportunity Act, and the Consumer Protection Act.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements that come into play, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance. This training includes counseling, if necessary, for borrowers who need financial assistance.

The Bank's staff volunteers their time to a variety of area organizations in need of their training and expertise. Seminars are also conducted in order to make potential customers aware of the services the Bank provides.

VII. LOSS OF AFFORDABLE HOUSING

The Bank's lack of participation in community development projects along with its lack of flexible lending products has not assisted low and moderate-income individuals.

Lending Test Conclusions

OneUnited Bank has shown poor responsiveness to the assessment area's credit needs. Given the size and resources of the institution, the Bank's minimal lending activity within the assessment area is poor. In addition, the geographic distribution of loans reflects minimal penetration throughout the area. Based upon a review of its residential mortgage lending, the Bank achieved a poor penetration among retail customers of different income levels. OneUnited Bank's lack of community development lending is considered poor for an institution of its size and resources. In addition, the Bank's lack of innovative and flexible loan products is less than satisfactory.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. For purposes of this evaluation, the Bank will receive consideration for any qualified investment still remaining on the books since the previous CRA evaluation. Primary emphasis will be placed on those investments that occurred during 2002, 2003, and YTD 2004. OneUnited Bank is rated "Needs to Improve" in this area based upon the Bank's lack of equity investments and the Bank's poor level of contributions to qualified organizations.

Investments

The Bank had no equity investments.

Charitable Grants

The Bank has provided qualified charitable contributions to organizations that provide education and training, affordable housing, youth programs, health and human services for individuals in need and supports community and economic development needs. A total of \$29,000 in qualified grants was identified during the period of this evaluation. The following are examples of these contributions:

21st Century African-American Conference. The conference is designed to give participants an opportunity to dialogue and reflect on where the Black community is now, what issues they face, and what is needed to plan for the future. The focus is largely on community development, job creation and increase in home ownership in Massachusetts low and moderate income communities.

Earned Income Tax Credit ("EITC") Filing Assistance: The EITC program is targeted to low- to moderate-income ("LMI") families and provides qualified individuals reduced federal income taxes or a general refund. The program is designed to encourage employment among the LMI population. Bank personnel assist individuals in filing for EITC.

Four Corners Main Street: This program serves the low-income business district in Dorchester, MA. The Boston Main Streets program focuses its effort on providing merchants and community residents with the tools for their historic commercial districts to compete in today's market.

Dimock: A non-profit health center that provides comprehensive health and human services to low- and moderate-income individuals and communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

INVESTMENT TEST (CONTINUED)

In addition, the Bank is receiving investment consideration, through its 10 percent ownership interest in Columbia Plaza Association, for approximately \$89,000 in charitable donations made by Columbia Plaza to seven separate community development organizations in the greater Boston area. These organizations include:

- Community Development Corporation (CDC) of Boston
- Lower Roxbury Community Corporation/Madison Park Development
- Whittier Street Health Center, Inc.
- Roxbury Multi-Service Center, Inc.
- La Alianza Hispana, Inc.
- Urban League of Eastern Massachusetts, Inc.
- Alice H. Taylor Tenants Task Force, Inc.

Other Investments and In-Kind Contributions

In addition to the above investment activity, management of OneUnited Bank has involved the institution in the following activities.

Money Means Conference – This is a financial conference for Black women, developed by Black women. The conferences were held in Boston, MA and discussed various financial topics including, budgeting, retirement planning, estate planning, college financing, and home buying. While this financial education conference is not exclusively targeted to low- and moderate-income women, a certain percentage of the audience does fall into this demographic group. In addition, many of the participants are also gaining knowledge necessary for the establishment of a small business ventures. Each of the three conferences (2000, 2001, and 2002) was underwritten by the Bank at a cost of approximately \$60,000; \$83,000; and \$82,000, respectively. After receiving various corporate sponsorships, the net cost to the Bank was \$10,000; \$16,000; and \$22,000, respectively.

Conclusion - Investment Test

As depicted above, OneUnited Bank has made a relatively insignificant level of qualified community development investments and grants and has exhibited minimal responsiveness to credit and community economic development needs. Therefore, the Bank's investment performance is rated "Needs to Improve".

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. OneUnited Bank's service activities are "Satisfactory".

The Bank's systems for delivering retail-banking services are accessible to geographies and individuals of different income levels within its assessment area. Given the size and financial condition of the Bank, the extent and innovativeness of its community development services is also adequate.

Officers and employees of the Bank have provided a reasonable level of service activity in response to community needs. In addition, officers and employees of the Bank provide an adequate level of involvement in community organizations located throughout its assessment area. The following details the institution's services.

Retail Banking Services

Distribution of Branches

OneUnited Bank, a Massachusetts state-chartered institution, is headquartered in downtown Boston, at 133 Federal Street, which is designated as a moderate-income census tract. In addition to its main office, the Bank operates one full service office in Roxbury, which is located in a low-income census tract.

Record of Closing Branches

The Bank maintains a Branch Closing Policy. The plan outlines basic procedures to be followed should the decision be made to close an office. No branch offices in Massachusetts have closed since the Division's last examination dated October 1, 1998.

Alternative Banking Services

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the Bank's assessment area. There are no proprietary ATMs in the Boston assessment area; however, customers can access their accounts at non-proprietary ATMs.

The Bank offers customers 24-hour account access through its automated telephone banking system known as Link Line. By utilizing the Bank's telephone banking, customers can obtain balance information and account history, execute transfers between accounts.

The Bank's website www.oneunited.com provides general information about the Bank including an overview of deposit and lending products offered, and branch locations and hours. Currently, there are no online banking services.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

SERVICE TEST (CONTINUED)

Other Services

OneUnited Bank offers its retail and business customers numerous deposit options. Since the previous evaluation the Bank has introduced the OneUnited Bank Membership Program. The program requires a small flat membership fee and maintains low minimum balance requirements. The small membership fee allows customers the ability to maintain numerous types of deposit accounts (i.e., checking, savings and money market) without incurring annual fees for each separate account. It should be noted that the membership fee is waived for senior citizens and individuals 18 years of age or younger.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for community development purpose and is related to the provision of financial services. OneUnited Bank's qualified community development services demonstrate an adequate level of community development service with the bank's officers providing their technical expertise, experience and judgment to these organizations. The qualified community development services are detailed in the following descriptions.

Dimock Community Health Center ("Dimock") – This non-profit organization provides numerous medical and social services. Dimock offers over 100 programs in health care, child and family development, behavioral health, and workforce development. A large percentage of the program participants are low- and moderate-income. A member of senior management serves as the Treasurer of this organization.

In addition to the above organization, members of senior management are also active in other regional and national organizations. While many of these organizations provide community development services, the primary purpose of the groups may not have community development as their primary mission. The following are some of the organizations in which senior management has taken active involvement.

- National Association for the Advancement of Colored People (NAACP)
- African American Success Foundation
- Urban League
- The Partnership, Inc.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS: (MASSACHUSETTS)

SERVICE TEST (CONTINUED)

Educational Seminars

Bank officers and employees have participated in seminars and other events sponsored or co-sponsored by the Bank during the examination period. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area.

In 2001, and 2002, the Bank sponsored and participated in these financial conferences. As discussed within the Investment Test, Money Means is a financial conference for Black women, developed by Black women. The conferences were held in Boston, MA and discussed various financial topics including, budgeting, retirement planning, estate planning, college financing, and home buying. While this financial education conference is not exclusively targeted to low- and moderate-income women, a certain percentage of the audience does fall into this demographic group. In addition, many of the participants are also gaining knowledge necessary for the establishment of a small business ventures.

Utilizing the FDIC's Money Smart program, the Bank provided a financial literacy workshop in its Roxbury branch. The workshop was conducted in 2003.

The Bank held an earned income tax credit committee seminar at the Roxbury Resource Center, Roxbury, MA. The program allowed non-Bank customers to cash their checks and provided consumers with financial education about opening and maintaining a bank account. The event was sponsored by the City of Boston, the FDIC, and the Federal Reserve Bank of Boston.

OneUnited Bank provided basic financial education to 35 elementary school children from low-income neighborhoods in Massachusetts and opened individual savings accounts through the STARR Program.

CONCLUSION (Service Test)

As illustrated above, officers and employees of OneUnited Bank demonstrated a fair level of service activity and involvement in community organizations throughout its assessment area. The Bank's products and alternative banking services are tailored to the convenience and needs of its assessment area. Therefore based on the above, and given the size and financial condition of the Bank, a rating of "Satisfactory" is warranted.

APPENDIX A

SCOPE OF EXAMINATION

OneUnited Bank has one assessment area in Massachusetts, which was reviewed using the examination procedures for large banks.

This evaluation includes a review of the Bank's HMDA reportable loans; HMDA Disclosure Statements; and HMDA LAR for years 2002, 2003, and 2004 loan origination records provided information on residential mortgage lending.

The Bank's qualified investments were also reviewed and exhibit poor responsiveness to credit and community economic development needs.

In addition, the Bank's systems for delivering retail banking services and the provision of community development services were considered.

Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area. The examination also included a review of the bank's Public File, which contained no negative CRA-related comments.

APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS				
STATE OR MULTISTATE MSA NAME:	LENDING TEST RATING:	INVESTMENT TEST RATING:	SERVICE TEST RATING:	OVERALL STATE RATING:
California	Outstanding	High Satisfactory	High Satisfactory	Outstanding
Massachusetts	Needs to Improve	Needs to Improve	Low Satisfactory	Needs to Improve
Florida	Substantial Noncompliance	Needs to Improve	Low Satisfactory	Substantial Noncompliance

APPENDIX C

FFIEC Interagency Core CRA public Evaluation Tables

OVERALL LENDING DATA

Depending on the number of optional loan products being considered in the CRA evaluation, Table 1 can consist of two separate and distinct “subtables”.

Table 1: Lending Volume

- Presents the number and dollar amount of reportable loans originated and purchased by the institution and its affiliates, if applicable, over the entire evaluation period by assessment area. The deposit data in this table are compiled by the FDIC and are available only as of June 30th of each year.

Table 1: Other Products

- Presents the number and dollar amount of any unreported category of loans originated and purchased by the institution and its affiliates, if applicable, also being considered during the CRA evaluation.

Examples include consumer loans or other data an institution may provide concerning its lending performance.

LENDING PRODUCTS*

Table 2 and 2a: Geographic Distribution** of Home Purchase Loans

Table 3 and 3a: Geographic Distribution of Home Improvement

Table 4 and 4a: Geographic Distribution of Home Mortgage Refinance Loans

Table 5 and 5a: Geographic Distribution of Multifamily Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies.
- Presents the most recent aggregate or market share data available.

Table 6 and 6a: Geographic Distribution of Small Loans to Businesses

* Whenever a table has a column for a “% of Total,” the percentage should be of the total for the *rated area*, not the overall institution.

** None of the tables containing information relating to distribution by income level of geography (Tables 2 and 2a through 6 and 6a and tables 13 and 14) include a column for geographies that have not been assigned an income classification. These are commonly referred to as “NA” geographies. As such, the sum of the distribution in low-, moderate-, middle-, and upper-income geographies in an assessment area may not equal 100 percent. Loans lacking income data are not included in the calculation of the distribution by income level of geography.

- Shows the percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of businesses (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

Table 7 and 7a: Geographic Distribution of Small Loans to Farms

- Shows the percentage distribution of the number of small loans (less than or equal to \$500 thousand) to farms originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of farms (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

Table 8 and 8a: Borrower Distribution of Home Purchase Loans

Table 9 and 9a: Borrower Distribution of Home Improvement Loans

Table 10 and 10a: Borrower Distribution of Home Mortgage Refinance Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each assessment area.
- Presents the most recent aggregate or market share data available.

Table 11 and 11a: Borrower Distribution of Small Loans to Businesses

Table 12 and 12a: Borrower Distribution of Small Loans to Farms

- Compares the percentage distribution of the number of small loans (for businesses, less than or equal to \$1 million; for farms, less than or equal to \$500 thousand) originated and purchased by the institution and its affiliates, if applicable, to businesses or farms with revenues of \$1 million or less to the percentage distribution of businesses or farms with revenues of \$1 million or less or .
- Presents the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, by loan size, regardless of the revenue size of the business or farm.

- Presents the most recent aggregate or market share data available.

Table 13: Geographic and Borrower Distribution of Consumer Loans

- For geographic distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies with the percentage distribution of households within each geography.
- For borrower distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each assessment area.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (133 Federal Street, 8th floor, Boston, MA)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.